

Asheville City Council
Planning and Economic Development Committee

3:00 p.m., May 18, 2010
City Hall, First Floor Conference Room

Minutes

Present: Councilman Jan Davis, Chair; Councilman Gordon Smith; Councilwoman Esther Manheimer

Staff: Gary Jackson, Jeff Richardson, Cathy Ball, Sam Powers, Bob Oast, John Smith, Judy Daniel, James Lee

The Planning and Economic Development Committee met on May 18, 2010, in the First Floor Conference Room, City Hall. Chair Davis called the meeting to order at 3:05 p.m.

1. Approval of Minutes

The Minutes from the April 20, 2010, meeting were approved as written.

2. Updates

51 Biltmore Avenue, Downtown Development Agreement

Cathy Ball, Public Works Director, gave the update. In October 2008, City Council approved a Downtown Development Agreement with McKibbin Hotel Group, Public Interest Projects and the City of Asheville for the purpose of constructing a parking garage. In June 2009 and again in November 2009, City Council extended the Downtown Development Agreement (DDA) to June 30, 2010. The current DDA does not allow for an additional extension. Staff is requesting an amendment to the agreement to include another six months.

The prior extensions were necessary because McKibbin Hotel Group had not been able to obtain funding due to current economic conditions. In recent months, McKibbin Hotel Group has become closer to obtaining financing for their portion of the project.

The cost to the City has been \$10,000 per month to the Hot Dog King for the option to be applied to the purchase price, and \$5,000 for six months to PIP. The Hot Dog King has agreed to \$10,000 for 120 days but will not extend the option beyond that time.

This project is in alignment with the Strategic Plan by promoting sustainable, high-density, in-fill growth that makes efficient use of resources and by making environmentally efficient capital improvements. In addition, this action complies with the Parking Action Plan adopted by City Council.

Extending the Downtown Development Agreement is already scheduled to go before full Council for review on June 22.

Minority Business Program 2009 Annual Report

James Lee, Minority Business Program Coordinator, gave the report. Mr. Lee highlighted the fact that 188 business owners were serviced in 2008, and in 2009 there were over 440 women and minority businesses served with the public contracting process.

The Committee was pleased with the statistics from 2009, but the Councilman Smith raised the question regarding the lack of tracking of Living Wage information. Gary Jackson, City Manager, responded that Brenda Mills lead a committee to study the issue. Mr. Jackson will forward to the Committee Ms. Mills' most recent Living Wage presentation to City Council.

Development Incentive Process

Sam Powers, Economic Development Director, gave the update by first giving some background information to the Committee, which surfaced with Council's policy direction for the Biltmore Park Towne Center. Economic Development Incentives had previously primarily focused on the manufacturing sector. But with the Biltmore Park Towne Center, Council considered both the public purpose and public benefit of the project.

The Montford Commons project has raised the question of how to evaluate the types of projects that may come to Council in the future -- what makes them transitional -- and assign values to these projects that would help Council make decisions from a policy standpoint. This would be a complementary policy to go along with the City's existing Economic Development Incentive Policy.

The Committee recommended that Mr. Powers work with other City departments and bring back to PED a draft of guidelines to be used by Council for assessing transformational projects. These guidelines could be used by Council when evaluating requests for Economic Development Incentives. The draft guidelines would be reviewed by the Downtown Commission, the Asheville River Redevelopment Commission and the County Commissioners, among others, before coming to full Council.

3. Unfinished Business

UDO Streamlining Process

Judy Daniel gave the report. The process is set up in a series of phases; Planning staff is very close to completing Phase I, which is primarily a technical exercise. In Phase II, staff will begin looking to see if some zones can be consolidated. Also in this phase, they will examine the number of zones that are commercial and mixed use, as most commercial are already mixed use. The changes would go to interested groups, and then to City committees. Phase III is more research, more knowledge, and visits to nearby cities may be beneficial. Phase IV is community input, and Phase V would be a total re-write of the UDO. This agenda item will come to full Council after Phase IV.

At this point, a decision would need to be made about whether to proceed internally, or hire a consultant, based on the amount of change recommended.

The PED Committee was pleased with the timeline, and look forward to future updates.

Grove Arcade, COPS Payment

Jeff Richardson, Assistant City Manager, began the discussion by voicing his pleasure at the opportunity to serve as the liaison to the Grove Arcade Public Market Foundation, a group of committed and hard-working community members.

Jeff Richardson, Assistant City Manager, presented for the Committee's consideration the restructuring of the Grove Arcade Public Market Foundation's Certificates of Participation payment.

The City of Asheville acquired the title to the Grove Arcade building in 1997 under the National Monuments Act and signed a 198 year lease with the GAPMF. Since the 1997 agreement, there have been challenges in the GAPMF business plan, but in general the Foundation has performed well. The GAPMF approached the City of Asheville in the summer of 2009 with concerns of fulfilling their yearly debt obligation. With the exception of the 2007 payment being deferred, the Foundation has made all payments in full since the inception of the loan. The GAPMF made a presentation to the City's PED Committee on June 15, 2009, outlining on-going debt load and capital maintenance concerns at the Grove Arcade. At that time, the PED Committee directed city staff to explore options of restructuring the COPS payment to relieve their debt load concerns.

Mr. Richardson presented COPS payment restructuring options to include crediting Asheville City property and sales tax revenue generated from the property as a direct credit toward the yearly debt service payment. However, due to other pending capital maintenance needs, to include roof replacement and terra cotta restoration, the tax credit may not lower the payment to a level that the building's cash flow will be able to meet over the next 3-5 year period.

After comments in support by members of the GAPMF, the PED Committee recommended that additional analysis continue and additional options be presented to full Council for the property and sales tax revenue generated by the Grove Arcade Building to be credited to the annual COPS payment.

4. New Business

Eminent Domain for Public Infrastructure

Bob Oast, City Attorney, presented to the Committee a memorandum dated April 22, 2010 referencing Eminent Domain for Public Infrastructure.

After a short discussion, the Committee recommended that Cathy Ball, Public Works Director, work with the Water and Legal departments to develop procedures for obtaining private property for public use that would mirror procedures already in place by the MSD. The draft will come back to PED for review.

5. Presentations and Public Comment

There were no presentations or public comment. The meeting was adjourned at 5:00 p.m.